

**Department of Community Health  
FY 2007 Governor's Recommended Budget - Highlights**

**FY06 Appropriation HB#85                    \$9,350,909,388**

State Funds	\$2,201,858,248
Tobacco Funds	\$ 58,087,386
Indigent Care Trust Fund	\$ 148,828,880
Federal and Other Funds	\$6,942,134,874

**FY07 Department Budget Request \$10,455,292,742**

State Funds	\$2,332,920,531
Tobacco Funds	\$ 55,944,361
Indigent Care Trust Fund	\$ 160,737,322
Federal and Other Funds	\$7,905,690,528

**Increased Funds - \$131,062,283 state funds for the Department**

- Low Income Medicaid --- (\$111,898,686) reduction in state funds
- Aged, Blind and Disabled Medicaid --- \$93,818,818 state funds
- Health Care Access --- \$63,066 state funds increase
- Administration and Program Support --- \$580,987 state funds increase
- Indigent Care Trust Fund --- \$149,250,635 state funds increase (CMO Provider Fees and DSH Adjustments)
- Nursing Home Provider Fee --- (\$942,108) reduction in state funds

**Attached Agencies**

- Georgia Board for Physician Workforce --- \$ 62,793 state funds
- State Medical Education Board --- \$59,928 state funds
- Composite Board of Medical Examiners --- \$66,850 state funds

**FY2007 Governor's Recommended DCH Budget**

**The Governor's recommendation for FY 2007 DCH Budget reflects the following:**

**Additions**

**Medicaid Benefits Low-Income and Aged, Blind and Disabled**

- Fund the projected Medicaid Benefit cost increase for FY 2007 ---- **\$221.2 million state funds** (\$648.6 million)

- Provide funds to replace loss of funds due to Federal Policy Changes:  
     Loss of Upper Payment Limit Funds --- **\$146.9 million state funds** (Total \$376 million)  
     Loss of Indigent Care Trust Funds – DSH funds for RSM Initiatives --- **\$22 million state funds**  
     (Total \$57.8 million)
- Fund the cost to move from cash to accrual basis to reimburse capitation payments to Care Management Organization (CMO) providers --- **\$102.5 million state funds** (Total \$265 million )
- Provide funds to update nursing home reimbursement rates to the FY 2004 cost reports --- **\$20 million state funds**
- Transfer funds from the Department of Human Resources Community Services Adult program to the Department of Community Health – Low-Income Medicaid program to implement Georgia Healthy Families which serves Medicaid clients who receive mental health services ---  
**\$17.9 million state funds** (Total \$46.5 million).
- Replace Tobacco Funds with State funds to support Independent Care Waiver Slots --- **\$2.1 million state funds**
- Provide funds for a monthly supplement of \$20 to be used by nursing home residents who receive Supplemental Security Income to purchase personal items such as shampoo and toothpaste --- **\$1 million state funds**
- Fund Medicaid costs associated with the expansion of the newborn screening program administered by the Department of Human Resources --- **\$1 million state funds** (Total \$2.6 million)

## **FY2007 Governor's Recommended DCH Budget**

### **Additions continued:**

#### **Administration and Program Support – Health Access**

- Provide funds to implement Medicaid initiatives – CMO and Eligibility review and to fund loss of ICTF funding for Right from the Start Medicaid contract --- **\$14.1 million state funds** (Total \$28.2 million)
- Fund operational increases in the Georgia Building Authority real estate rental rate for office space (\$157,806 state – Total \$297,747), in personal services for worker compensation rates (\$11,734 state), to adjust the employer share of the State Health Benefit Plan premiums from 14.2% to 16.713% (\$223,781 state – Total \$297,747) and to annualize the cost of the FY 2006 salary adjustment and provide for a salary increase in FY 2007 of up to 4% effective January 1, 2007 (\$250,732 state funds) --- **\$644,053 state funds** (Total \$857,960)

#### **Indigent Care Trust Fund**

- Appropriate Quality Assessment fee revenues to support care management--- **\$145.5 million state funds** (Total \$377.8 million)

Fees will be reflected in Governor's projected state revenue.

- Support the operation of Hughes Spalding Children's Hospital --- **\$3.7 million state funds**

### **State Health Benefit Plan**

- Reflect projected revenue from increasing the State Health Benefit Plan Employer Premium in FY 2007 (Total Funds: \$207 million).

## **FY2007 Governor's Recommended DCH Budget**

### **Reductions and Savings**

#### **Medicaid Benefits - Administration**

- Realize savings generated from Medicaid efficiencies and one-time upper payment limit receipts generated in Fiscal Year 2005.  
**(\$451.5 million state funds)**  
Includes:
  - Prior year Medicaid Benefit reserves to cover benefit and operational deficits --- **(\$166.9 million state funds)** (Total \$413 mil)
  - Change in the federal match rate from 0.6060 to 0.6179 to cover benefit deficits **(\$60.6 million state funds)**
  - Savings projected from the implementation of the managed care model for LIM program --- **(\$78.5 million state funds)** (Total \$203.7 million)
  - Quality Assessment fee revenue from CMO providers to fund Medicaid Benefit deficits in the LIM program  
**(\$145.5 million state funds)** (Total \$377.8 million)
- Reduce Medicaid Benefit cost by eliminating self-declaration of income and implementing a centralized third-party verification of income and assets for both enrollment and re-enrollment. Based on performing Eligibility Review / Audit of the eligibility system and members.  
**(\$25 million state funds)** (Total \$64.9 million)
- Perform voluntary interim hospital cost settlements based on "as-filed" cost reports to recover funds from provider over-payment ---  
**(\$70.6 million state funds)** (Total \$169.4 million)

- Reduce Medicaid Benefit cost in Aged, Blind and Disabled services through the provision of better business practices to ensure that the member receives the right services, at the right time and the right cost. Propose to implement an Administrative Services Organization (ASO) model to manage services - -- **(\$20 million state funds)** (Total \$52 million)

### **Nursing Home Provider Fee**

- Reflect actual nursing home provider fee revenue in FY 2007 --- **(\$942,108 million state funds)** (Total \$2.4 million)

### **FY2007 Governor's Recommended DCH Budget**

#### **ATTACHED AGENCIES – Adds and Reductions**

- **Composite Board of Medical Examiners ---- \$66,850 state funds**
  - Annualize the cost of FY 2006 salary adjustment and provide a salary increase for FY 2007 --- \$32,808 state funds
  - Increase personal services to reflect adjustment in the workers compensation rate --- \$1,596 state funds
  - Increase funds to reflect an adjustment in the employer share of State Health Benefit Plan premiums --- \$30,446 state funds
  - Fund 20 additional peer reviews annually in order to respond to consumer complaints related to physician care ---\$5,000 state funds
  - Reduce funding for telecommunications --- **(\$3,000 state funds)**
- **State Medical Education Board ---- \$59,928 state funds**
  - Annualize the cost of FY 2006 salary adjustment and provide a salary increase for FY 2007 --- \$6,480 state funds
  - Increase personal services to reflect adjustment in the workers compensation rate --- \$172 state funds
  - Increase funds to reflect an adjustment in the employer share of State Health Benefit Plan premiums --- \$3,276 state funds
  - Increase (\$15,000) contract with the Georgia Student Finance Commission for monitoring of outstanding loan repayments collections; increase funding for the Medical Fair (\$20,000); and provide additional funds (\$15,000) for physicians seeking to practice in rural Georgia by assisting with medical debt payments --- \$50,000 state funds
- **Georgia Board for Physician Workforce ---- 62,793 state funds**
  - Annualize the cost of FY 2006 salary adjustment and provide a salary increase for FY 2007 --- \$19,008 state funds

- Increase personal services to reflect adjustment in the workers compensation rate --- \$359 state funds
- Increase funds to reflect an adjustment in the employer share of State Health Benefit Plan premiums --- \$6,847 state funds
- Provide funds for two additional slots in the Pediatric Residency Program at the Medical Center of Central Georgia ---\$36,579 state funds